

KT19 8AJ

# EPSOM

50-54 High Street

PRIME HIGH STREET RETAIL INVESTMENT  
WITH RESIDENTIAL DEVELOPMENT OPPORTUNITY



EPSOM

50-54 High Street

INVESTMENT SUMMARY

Epsom is an affluent Greater London commuter town with a journey time to London Waterloo of 36 minutes

Prime High Street pitch between the Ashley Shopping Centre and the Ebbisham Centre

Well configured retail units

Retail element secured to the strong covenants of HSBC UK Bank Plc and Waterstones Booksellers Ltd

New lease to Waterstones shows the strength of the occupational market in the town

Vacant residential upper parts provide potential to refurbish and develop with separate access from High Street

Planning has been granted for an additional two flats in the third floor roof space

The property provides further medium term opportunity to take back the first floor space from HSBC and convert to additional residential units, subject to vacant possession and planning permission

Freehold



PROPOSAL

Net Income:  
**£165,000 per annum**

Offers in excess of:  
**£3,200,000** (subject to contract)

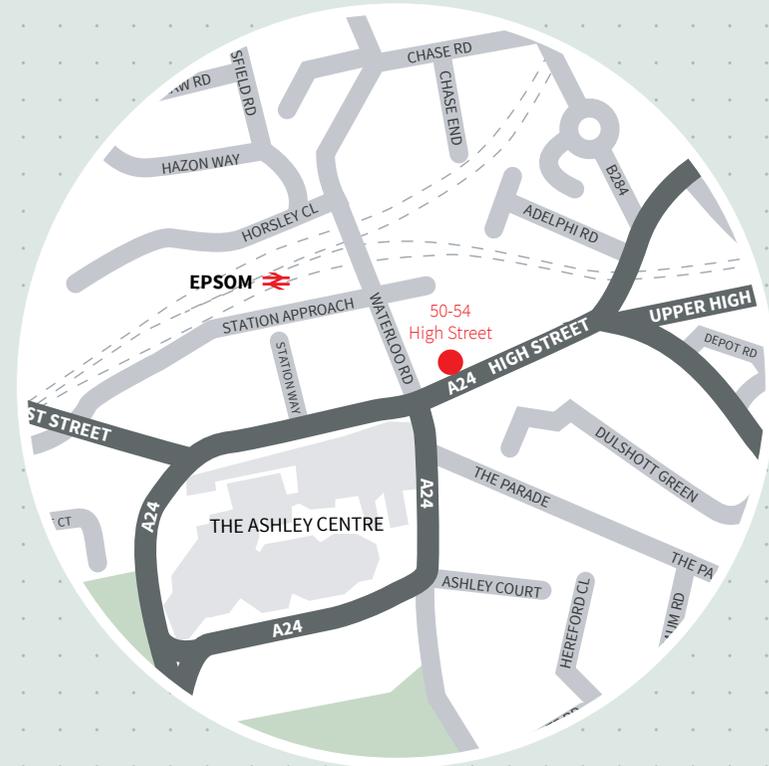
Retail Net Initial Yield:  
**5.75%**

Capital Value of Residential Proposition:  
**£500,000**

## LOCATION

Epsom is an affluent Surrey town located 16 miles south west of Central London, 7 miles south of Kingston. The town has proximity to other key south west M25 office centres including Reigate and Redhill 10 miles to the south east and Leatherhead 4 miles to the south.

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The town benefits from excellent public transport and road communications, making it popular with commuters. Epsom is located 4 miles from Junction 9 of the M25 accessed via the A24.



Epsom station provides regular and direct services to London Waterloo and Clapham Junction, with journey times of approximately 36 minutes and 24 minutes respectively.



The nearest airport to Epsom is London Heathrow, located approximately 15 miles north west of the town centre. The airport is accessed via the M25 orbital motorway, the A312 or by way of train. Gatwick Airport is also located approximately 19 miles south of the town and can be accessed via the M23 or by train.



The town is renowned for the popular Epsom Downs Racecourse, home to the The Derby and The Oaks; two of the famous British Classic horse races.

## DEMOGRAPHICS

Epsom has a total population within the Primary Retail Market Area of 118,000, significantly above average for a centre of this nature. The town is projected to see significantly above average growth in population over the period 2017 to 2022.

The age profile of the Epsom Primary Retail Market Area includes a high proportion of adults aged 45-64 and the retired aged 65 and over. Reflecting the demographic profile and spending habits of the Primary Retail Market Area, per capita total retail spending levels are significantly above the PROMIS average (Source: CACI).

Epsom boasts an impressive socio-economic demographic with an above average proportion of adults of working age categorised within the most affluent AB social group (which includes those in managerial and professional occupations) and social group C1 (which includes junior non manual employees). In contrast, the least affluent D and E social groups (which includes those in skilled and unskilled manual employment, the unemployed and those on state benefits) and social group C2 (which includes those in skilled manual employment) are particularly under-represented.

Major employers in the town include:

**ATKINS** WillisTowersWatson **AON** Deloitte.





## RETAILING IN EPSOM

Epsom has an excellent retail provision with 560,000 sq ft of retail floor space and a total retail spend of circa £698 million per annum.

The town's prime covered retailing pitch is located within the Ashley Centre which is anchored by House of Fraser, Marks & Spencer and Waitrose. Outside the scheme, the town's prime retailing destination centres on the High Street.

Occupiers in the vicinity include TK Maxx, Mountain Warehouse, Fat Face, JD Sports and Boots. The town also boasts numerous cafes, pubs and restaurants including Ask, Bill's, Costa, Pizza Express and Nando's.

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## SITUATION

The property is situated in a prime retailing position on the north side of High Street, between the Ashley Shopping Centre and Ebbisham Centre. Occupiers in the immediate vicinity include:



Epsom station is approximately 160 metres from the property.



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## DESCRIPTION

The property is part of a three storey 1930s high street terrace of mock Georgian design, comprising of two high street commercial premises with residential accommodation above. The building is formed of solid brickwork masonry with suspended timber floors. The main roof structure is formed of timber with a tiled roof covering and the rear flat roofs are covered in felt.

There are currently two 3 bed flats on the second floor which are served by a separate, ground floor entrance and central staircase. Planning consent has recently been granted to convert the third-floor roof space into two further 2 bed flats.

The property is situated within the Epsom Town Centre conservation area.

## ACCOMMODATION

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We provide the following Net Internal Areas for the retail, taken from the professional measured survey undertaken by Armada in September 2016, we have measured the Gross Internal Areas for the residential accommodation in accordance with the RICS Code of Measuring Practice (6<sup>th</sup> Edition):

Unit	Ground Floor Sales (sq ft)	ITZA (units)	First Floor Ancillary (sq ft)	Second Floor Ancillary (sq ft)	Total Area (sq ft)
Waterstones, 50 High Street	1,906	1,143	116		2,022
HSBC, 54 High Street	2,503	1,194	1,908	617	5,028
<b>Retail Total</b>					<b>7,050</b>
Flat 1, 52 High Street				990*	990*
Flat 2, 52 High Street				939*	939*
<b>Residential Total</b>					<b>1,929*</b>

\*Residential Gross Internal Area



Retail element secured to the strong covenants of HSBC UK Bank Plc and Waterstones Booksellers Ltd



## TENURE

Freehold

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## TENANCY

**50 High Street**, is let to Waterstones Booksellers Limited, on a 10-year lease from 31<sup>st</sup> October 2017, expiring 30<sup>th</sup> October 2027. The lease is subject to an upwards only rent review on 31<sup>st</sup> October 2022, as well as a tenant option to break on the same date. The passing rent is £75,000 per annum, reflecting £65.29 Zone A assuming A/20 on the first floor.

**54 High Street**, is let to HSBC UK Bank Plc; on a lease from 25<sup>th</sup> December 1974, expiring 23<sup>rd</sup> June 2020. The passing rent is £90,000 per annum, reflecting £68.70 Zone A assuming A/20 on the first floor and A/30 on the second floor.

The retail element therefore has a net income of £165,000 per annum and a WAULT of 2.78 years to break and 5.05 years to expiry.

Flats 1 & 2 are both currently vacant, the total service charge shortfall is £3,804 per annum and the total council tax payable is £2,126 per annum.

## COVENANT INFORMATION

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**Waterstones Booksellers Limited** (Company No. 00610095), trading as Waterstones, is a British book retailer, with 283 stores, mainly in the UK as well as Ireland, Belgium and the Netherlands. The company was established in London in 1982 and now employs around 3,500 staff across the UK and Europe.

Waterstones reported a 76% increase in annual profits before tax in 2017. The firm has transformed its fortunes over recent years, shifting away from selling low margin academic course books to more profitable products such as stationery and toys.

The company reported the following financial performance:

Year Ending	2017	2016	2015
Sales Turnover	£387,973,000	£394,732,000	£378,017,000
Profit Before Tax	£19,157,000	£10,873,000	(£1,890,000)
Net Worth	£3,374,000	(£15,602,000)	(£34,547,000)

### Waterstones

Waterstones Booksellers Limited has a Creditsafe Rating of 61 out of 100 representing a 'low risk of business failure'.

**HSBC UK Bank Plc** (Company No.09928412) is a wholly owned subsidiary of HSBC Holdings Plc, one of the world's largest banking organisations serving more than 37 million customers from 70 countries. The company has approximately 4,000 offices worldwide and is listed on the London, New York, Paris and Bermuda stock exchanges.

HSBC Holdings Plc reported the following financial performance:

Year Ending	2017	2016	2015
Sales Turnover	£56,749,804,033	£53,679,897,385	£71,420,208,500
Profit Before Tax	£12,233,307,204	£5,068,053,873	£15,129,911,788
Net Worth	£135,573,291,527	£124,981,115,941	£151,130,713,713



## DEVELOPMENT OPPORTUNITY

The existing second floor residential accommodation provide potential for immediate refurbishment. In addition the property has full planning permission (planning policy number 18/00153/FUL) for an additional 2 residential units by converting the third-floor roof space, whilst retaining the existing residential unit at second floor and the retail/banking use below. The property provides further medium term opportunity to take back a portion of first floor space from HSBC and convert to additional residential units, subject to vacant possession and planning permission. Further information available on request.



Proposed Second Floor Plan



Proposed Third Floor Plan



On completion the development would provide the following residential accommodation alongside the existing retail unit:

Unit	Floor	Beds	GIA (sq ft)
201	Second	3	893
202	Second	3	915
301	Third	2	797
302	Third	2	807
<b>Total</b>			<b>3,412</b>



## PROPOSAL

We are instructed to seek offers for our client's freehold interest in excess of **£3,200,000** (Three Million, Two Hundred Thousand Pounds), subject to contract and exclusive of VAT. A purchase at this level would reflect a **Net Initial Yield of 5.75%** on the retail element and £500,000 for the benefit of the residential proposition, after allowing for purchaser's costs of 6.47%.

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Prime High  
Street Retail  
and Residential  
Investment  
in the affluent  
Greater London  
town of Epsom

### EPC

EPCs for the property can be provided upon request.

### VAT

The property has been elected for VAT purposes. It is anticipated that the investment sale will be treated as a Transfer of a Going Concern (TOGC).



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## FURTHER INFORMATION

For further information or to arrange an inspection, please contact the sole agent:

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